

Metropolitan Transportation Commission Programming and Allocations Committee

November 14, 2007

Item Number 5a

Trade Corridor Program

Subject: Trade Corridors Improvement Fund (TCIF) Program Update.

Background: At your September and October meetings, staff provided you with updates on the TCIF program and a draft program of projects for your information. The TCIF program provides \$2 billion for improvements to the state's goods movement infrastructure for allocation by the California Transportation Commission (CTC). As reported at your October meeting, the Secretary of Business, Transportation, and Housing, Dale Bonner, submitted a letter in September to the CTC requesting project applications be submitted to the CTC by November 26, 2007 in order to allow adoption of a preliminary program of TCIF investments by December 31, 2007.

On November 7, 2007, CTC staff will present recommendations for the schedule and criteria for project selection to the CTC. We expect the CTC to adopt a schedule requiring applications to be submitted by the end of the year, but not as early as initially suggested by Secretary Bonner. During your November Committee meeting, staff will update you on the guidelines, criteria and schedule for the TCIF program as well as progress that has been made in refining our draft program of projects.

MTC is working with the San Joaquin, Sacramento and Stanislaus Councils of Governments, as well as the Port of Oakland and the Alameda Congestion Management Agency, to develop a comprehensive trade strategy and program. The draft program outlined in Attachment A includes both Tier 1 and Tier 2 projects. There are a few minor changes to cost estimates, as well as one proposed new project—Port of Stockton dredging—since we presented to you in October. It is staff's intent that only Tier 1 projects, totaling roughly \$860 million, would be submitted to the CTC for the TCIF program, with each regional agency submitting applications for the projects for which they are listed as sponsor. The projects are centered around two primary trade corridors in Northern California: the Central Corridor, roughly along I-80, and the Altamont Corridor, roughly along I-880/238/580. Both corridors are anchored at the Port of Oakland and include rail and highway projects.

Projects were initially screened based on: location within a major trade corridor, the availability of matching funds, and project readiness. Additional criteria we anticipate the CTC will adopt are: freight system factors (throughput, velocity and reliability), transportation system factors (safety, congestion reduction, and bottleneck relief), and community impact factors (air quality, economic benefits). Staff will review proposed CTC criteria with the Committee at the meeting.

Issues:

1. The CTC has not yet provided a schedule or final guidelines for project submittals. Therefore, staff may need to bring revisions to the November 14th meeting, the Commission meeting on November 28, 2007, and

possibly the December PAC and Commission meetings responding to the dynamic process as it unfolds. The draft Program of Projects will be reevaluated in light of any guidance received from the CTC regarding the submission process and selection criteria.

2. Specific questions outlined in the Executive Director Memorandum on the TCIF program dated September 12, 2007 and highlighted at the Programming and Allocations Committee meeting still remain regarding match availability for key highway projects and the operational and financial viability of short haul rail. Staff will provide additional information on those items at the Committee meeting.
3. Our current draft Program of Projects seeks \$860 million in State TCIF funding, which represents 43% of the total amount available statewide. Like the Corridor Mobility Improvement Account (CMIA) program for highway projects, the TCIF program is expected to be extremely competitive – especially given the enormous and growing volume of goods entering the Ports of Los Angeles and Long Beach in Southern California. The equivalent regional lists of “tier 1” projects from Southern California combined with ours totals well over \$3 billion.

Recommendation: Depending on the CTC action on November 7th, approve the project list, subject to additional revisions and detail provided by staff at your November 14th meeting.

Attachments: Letter from Business, Transportation and Housing Secretary Dale Bonner
Attachment A: Draft TCIF Program of Projects

STATE OF CALIFORNIA

ARNOLD SCHWARZENEGGER
Governor

Department of Alcoholic Beverage Control
Department of Corporations
Department of Financial Institutions
California Highway Patrol
California Housing Finance Agency
Department of Housing & Community Development
Department of Managed Health Care



DALE E. BONNER
Secretary

Department of Motor Vehicles
Office of the Patient Advocate
Department of Real Estate
Office of Military & Aerospace Support
Office of Real Estate Appraisers
Office of Traffic Safety
Department of Transportation

BUSINESS, TRANSPORTATION AND HOUSING AGENCY

September 19, 2007

Mr. James Ghielmetti
Chairman
California Transportation Commission
1120 N Street
Sacramento, CA 95814

RE: Trade Corridors Improvement Fund

Dear Mr. Ghielmetti:

The Business, Transportation and Housing Agency (BTH) is aware and appreciates that the California Transportation Commission (Commission) has been working hard over the past several months developing a framework for allocating the \$2 billion portion of the Trade Corridors Improvement Fund (TCIF), with the intent to call for project nominations by the end of 2007 and programming funds by March 2008.

As you know, years of under-investment and rapidly increasing demand have resulted in a growing backlog of needed investments in infrastructure and environmental mitigation for goods movement, a vitally important component of California's economic engine. We estimate the highest priority needs require an investment of at least \$16-20 billion in the next decade, and unfortunately, the purchasing power of existing TCIF dollars diminishes each day owing to rising construction costs.

The Governor feels strongly that goods movement transportation needs in California should be addressed from a statewide, systemic viewpoint so that bottlenecks are not simply shifted from one area to another. Highest priority should be given to projects that improve the statewide goods movement transportation system and achieve overall positive environmental impacts.

Based on information that surfaced during the Commission's proceedings and BTH's recent stakeholders meetings, it is clear that immediate and bold action is required to resolve regional differences and advance the goods movement agenda for the benefit of the state as a whole to

ensure that systemic improvements are addressed. We have a concern that a funding strategy that relies on pre-determined regional funding targets may omit projects of systemic statewide importance.

The Administration's Goods Movement Action Plan (GMAP) released in January 2007 identifies priority projects and lays out a comprehensive plan to address California's present and future goods movement needs. In addition, the California Marine and Intermodal Transportation Advisory Council (CALMITSAC) report, mandated by the Legislature in 2004 and released in April 2007, endorsed a largely overlapping set of priority projects. Both reports recognize and incorporate material from related studies and place major emphasis on infrastructure improvements, environmental impacts and remedial strategies.

Many of these same priorities have been acknowledged by stakeholders that have participated in the Commission's goods movement workshops and our stakeholder meetings during the months of June and July in each of the four trade corridors identified in the GMAP and CALMITSAC report. The meetings confirmed a general consensus on the State's highest priorities, although there remain some differences among the regions relating to which projects should be funded first and in what amounts. The stakeholder meetings also revealed a growing concern among all parties that the problems caused by the delay in addressing goods movement system needs are getting worse, while progress in addressing obvious priorities is moving much too slowly, even though funding is now available.

In addition, while there is much that California itself can do to address the issues associated with goods movement, it is also a matter of vital *national* interest to help fund infrastructure and transportation systems that will keep pace with the growth in global trade, while protecting the health and quality of life for local communities that host this growing flow of traffic. Therefore, there must be a strong federal commitment to major investments that maintain and upgrade our freight transportation infrastructure.

Swift action by the Commission and regional stakeholders will serve the state well by helping to:

- (1) focus state and national attention on California's highest goods movement priorities;
- (2) maximize leveraging opportunities through encouragement of public-private partnerships and other sources of matching funds;
- (3) ensure that investments with inter-regional and statewide benefits will receive due consideration; and
- (4) accelerate the programming and delivery of vital infrastructure projects.

For these reasons, we are asking the Commission to adjust its current approach and adopt by December 31, 2007, a program of TCIF investments to begin addressing the widely acknowledged backlog of goods movement priorities. This timetable will permit the Administration to include a definitive TCIF proposal in the Governor's FY 2008-09 budget proposal and ensure that the

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Legislature can be fully engaged in the appropriation process immediately upon receiving the budget proposal in January.

At the Commission's September 20 meeting, I will discuss with Commissioners in greater detail a proposed plan of action for adopting a program that: (1) addresses the state's most urgent needs; (2) balances the demands of large and small ports, as well as between seaports, airports, and land ports of entry; (3) provides reasonable geographic balance; and (4) emphasizes investments that improve trade corridor mobility while reducing diesel particulate and other emissions.

We believe a TCIF program can and should be adopted based on the guidelines and criteria set forth in the Bond Act. Any further guidelines or criteria the Commission or the Legislature may seek to adopt should take into consideration the impact on statewide interests and the delay in the allocation of TCIF dollars.

We appreciate the Commission's willingness to consider this approach and look forward to discussing how the Administration, the Commission and the Legislature can work with all interested parties to make timely and prudent investments that will improve the quality of life for all California residents.

Sincerely,

A handwritten signature in black ink, appearing to read 'Dale E. Bonner', with a long horizontal flourish extending to the right.

DALE E. BONNER
Secretary

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cc: John Chalker, CTC Vice-Chair
Bob Alvarado, CTC Commissioner
Marian Bergeson, CTC Commissioner
James Earp, CTC Commissioner
Carl Guardino, CTC Commissioner
R. Kirk Lindsey, CTC Commissioner
Joseph Tavaglione, CTC Commissioner
Larry Zarian, CTC Commissioner
John Barna, CTC Executive Director
Will Kempton, Caltrans Director
Metropolitan Planning Organizations
Regional Transportation Planning Agencies
Port of Los Angeles
Port of Long Beach
Port of Oakland
Port of San Diego
Port of Stockton
Union Pacific Railroad
Burlington Northern Santa Fe Railroad
Alameda Corridor Transportation Authority
Senator Don Perata, President pro Tempore
Senator Dick Ackerman, Senate Republican Leader
Assembly Member Fabian Nuñez, Speaker of the Assembly
Assembly Member Michael Villines, Assembly Republican Leader
Senator Alan Lowenthal, Chair, Senate Transportation and Housing Committee
Senator Tom McClintock, Vice-Chair, Senate Transportation and Housing Committee
Assembly Member Pedro Nava, Chair, Assembly Transportation Committee
Assembly Member Mike DuVall, Vice-Chair, Assembly Transportation Committee
Linda Adams, Secretary, California Environmental Protection Agency
Mary Nichols, Chair, Air Resources Board
Mike Chrisman, Secretary, Resources Agency

PRELIMINARY: Northern California Trade Projects: These projects are preliminary staff recommendations and are subject to review and approval by regional policy boards.

Project #*	Region/County sponsor	Projects	Project Cost Estimate	Trade	Match required	Match secured and fully funded	Source	GMAP Recommended Project for bond funding	Notes
TIER 1									
costs in thousands									
Anchor									
1	ALA/ Port	7th Street Grade Crossing	\$ 250,000	\$ 125,000	\$ 125,000	Y	Port	X	Match to come from the Port. Key grade crossing and overpass work at primary gateway to the Port.
2	ALA/ Port	Martinez Subdivision Improvements	\$ 315,000	\$ 157,500	\$ 157,500	Y	UP	X	UP has said they will be a contributing partner, but no specific dollar amount known yet. The project will increase capacity along the primary rail line in to the Port, and also the Capitol Corridors route. Grade crossings must be addressed.
3	ALA/ Port	Construct Outer Harbor Intermodal Terminal	\$ 325,000	\$ 162,500	\$ 162,500	Y	Port	X	New intermodal rail terminal at the Port of Oakland to serve both UP and BNSF. Provides increased intermodal capacity to help divert a higher fraction of container traffic to rail instead of truck. Increases rail capacity from 1.2m TEUs to 3.1m TEUs.
		Anchor Total	\$ 890,000	\$ 445,000	\$ 445,000				
Central Corridor									
4	SACOG	Donner Summit Improvements	\$ 75,000	\$ 37,500	\$ 37,500	Y	UP	X	UP has committed to provide the match (1:1). Passenger rail concessions from UP for Capitol Corridor service from Sacramento to Roseville and Auburn are necessary for support.
5	SACOG	Sacramento Depot Rail Realignment	\$ 50,000	\$ 20,000	\$ 30,000	Y	Local		Rail realignment; match already secured with local funds, greater than 1:1. Improves service efficiency and reliability for both UP and Capitols. Strong local support.
6	SOL	Cordelia Truck Scales	\$ 99,600	\$ 49,800	\$ 49,800	Y	Local	X	Match from bridge tolls. Project improves truck flows near I-80/680 interchange and reduces unsafe conditions of trucks queuing onto I-80 and difficult weaving patterns.
		Central Corridor Total	\$ 224,600	\$ 107,300	\$ 117,300				
Altamont Corridor									
8	SJ	Hwy 4 Extension to Port of Stockton (Phase 1)	\$ 180,000	\$ 90,000	\$ 90,000	Y	Local	X	Key access for the Port of Stockton; reduces major truck impacts on local community. Phase 1 match of \$60m from Measure K. Enterprise zone.
9	SJ	San Joaquin Rail Commission ROW purchase for future short haul service - Stockton to Fremont.	\$ 150,000	\$ 75,000	\$ 75,000	Y	ACE/ RMK	X	Purchase of key segments of ROW. This is a critical foundation step to allow for eventual short haul rail service connecting the Central Valley to the Port. ACE match of \$75m from Regional sales tax. UP negotiations ongoing; therefore project cost in flux. Requires ROW to be made an eligible expense for bond funds. ACE currently operates on this ROW; multiple benefits from ownership. GMAP recommended continued investmen on the Altamont Rail Corridor; this project provides foundation for rail shuttle.
10	Port State	Tehachapi Pass Improvements	\$ 82,000	\$ 41,000	\$ 41,000	Y	BNSF	X	Match from BNSF. Increases key capacity for both domestic export from Valley and transcontinental traffic from Port. Would open up rail capacity in the San Joaquin Valley.
11	ALA	I-880 Improvements @ 29th & 23rd Avenues	\$ 91,000	\$ 45,500	\$ 45,500	N	Local	X	Key truck access route to the Port with clearance issues and difficult on and off ramps. If match is not secured, becomes a Phase 2. Match possibly from local/regional highway funds, user fees or SHOPP.
12	Stan.	Short haul terminus at Crows Landing development	\$ 52,000	\$ 26,000	\$ 26,000	N	Local/ private		Short haul rail terminus option. Stanislaus County requesting investment on rail corridor serving the proposed facility. Private developer contributing to match; value of county land committed to project proposed as additional match source. Requires either operating rights from UP along the Coast Subdivision or investments along East Bay (#17&18) connecting to the Port of Oakland, as well as access to intermodal facility at Port- timing and feasibility of which are unclear. Requires #8 above for mainline rail connection. Operating subsidy required.
		Altamont Corridor Total	\$ 555,000	\$ 277,500	\$ 277,500				
Dredging projects									
7	SACOG Port	Port of Sacramento Dredging	\$ 70,502	\$ 10,000	\$ 10,000	N	Local		Deepening the channel from 30' to 35'. Match to come from Port of Sacramento operating funds. \$50-60m needs to come from Corps-because multi-year funding in which the Corps does it's budget (annual capability), the funds can be guaranteed only on an annual basis.Currently the Corps' FFY 2008 budget includes \$900,000, and \$600,000 has been proposed for the FFY 2009 budget.
13	SJ	Port of Stockton dredging	\$ 140,000	\$ 17,500	\$ 17,500	N	Port		Project request is half the local share (75% federal, 25% local) required for Army Corps dredging projects. The project has been approved by the Corps but the federal portion of the funds can be guaranteed only on annual basis because the Corps does its budget based on annual capacity rather than multi-year commitments.
		Dredging Total	\$ 210,502	\$ 27,500	\$ 27,500				
TOTAL PHASE 1			\$ 1,880,102	\$ 857,300	\$ 867,300				

TIER 2									
Central Corridor									
14	MTC/ SACOG	Capitol Corridor Operational Improvements	\$ 60,000	\$ 30,000	\$ 30,000	N	UP		Various rail upgrades along the corridor from Oakland to Sacramento. Improves service for both UP and Capitols.
		Central Corridor Total	\$ 60,000	\$ 30,000	\$ 30,000				
Altamont Corridor									
Short haul rail: Bay Area - Central Valley									
15	ALA	Oakland Subdivision ROW Purchase	\$ 60,000	\$ 30,000	\$ 30,000	N	None		Short haul rail alignment option- links Niles Junction to Port of Oakland. Match would rely on larger Dumbarton project, which is underfunded and the project status unclear. Final cost is unclear as it will be a negotiation with UP. Not a top priority for the Port of Oakland.
16	ALA/SJ	Alameda Creek Bridge	\$ 32,000	\$ 16,000	\$ 16,000	N	None		Short haul rail alignment option- provides connection at Niles Junction to the Oakland Sub separating passenger and freight service. No match- was originally included as part of the Dumbarton Rail project but there is no funding available.
Altamont highway projects									
17	Stan.	State Route 132 Improvements	\$ 100,000	\$ 50,000	\$ 50,000	N	None		Expand capacity on Rt 132; 15 mile project to connect w/ SR99. Key truck route in the Valley. Have \$14m federal available for easternmost portion, and possible TCRP funds. Phasing and scope being determined. May require ROW purchase to be eligible.
18	SJ	Hwy 4 Extension to Port of Stockton (Phase 2)	\$ 100,000	\$ 50,000	\$ 50,000	N	TBD/ local	X	Phase 2 of key Port of Stockton connection (#8). Match tbd.
19	SJ	Sperry Road	\$ 65,000	\$ 32,500	\$ 32,500	N	Local		Extension of Sperry Road results in a new east/west arterial connection bt I-5 and SR 99. Includes 3 grade separations. EIR is complete. Match possibly available in regional sales tax.
20	SJ	I-5/580 SR 32/Bird Interchange	\$ 41,000	\$ 20,500	\$ 20,500	Y	Local/ private		Construction of new interchange on SR132 and widenting of SR132 bt I-5/580. Would help serve aggregate businesses in the area. Match may come from private sector but is not committed.
21	ALA/ SJ	EB I-580 Truck Climbing Lane Over Altamont	\$ 60,000	\$ 30,000	\$ 30,000	N	Local	X	Match source needed. ITIP funds a possible match source. Strong support from Central Valley ag community. Caltrans staff is working on project development. Possible container fee match if highway projects are eligible.
22	ALA/ SJ	WB I-580 Truck Climbing Lane Over Altamont	\$ 50,000	\$ 25,000	\$ 25,000	N	Local	X	Match source needed. ITIP funds a possible match source. Strong support from Central Valley ag community. Caltrans staff is working on project development. Possible container fee match if highway projects are eligible.
23	ALA	North Airport Air Cargo Road Access Improvements	\$ 10,000	\$ 5,000	\$ 5,000	Y	Port		Project is first phase, another \$8.4M second phase for a later date. Match is Port funds. Improves capacity and access to North Airport air cargo tenants.
		Altamont Corridor Total	\$ 518,000	\$ 259,000	\$ 259,000				
		PHASE 2 TOTAL	\$ 578,000	\$ 289,000	\$ 289,000				
TOTAL PHASE 1 AND 2			\$ 2,458,102	\$ 1,146,300	\$ 1,156,300				

*Project numbers are NOT an indication of priority ranking. They are for identification purposes only.